

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LCI INTERNATIONAL)	
TELECOM CORP. FOR AUTHORITY TO)	
GUARANTEE THE \$150 MILLION FIVE YEAR)	
REDUCING REVOLVING CREDIT FACILITY TO)	
BE ENTERED INTO BY ITS INDIRECT)	
CORPORATE PARENT, LCI INTERNATIONAL,)	CASE NO. 93-471
INC., AND FIRST UNION NATIONAL BANK OF)	
NORTH CAROLINA AND NATIONSBANK OF)	
TEXAS, N.A., AS MANAGING AGENTS, AND)	
FOR ADDITIONAL AUTHORITY TO EXECUTE)	
RELATED DOCUMENTATION)	

O R D E R

INTRODUCTION

On December 17, 1993 LCI International Telecom Corp. ("Litel") filed an application seeking approval of the execution of a guaranty of a \$150 million Five Year Reducing Revolving Credit Facility ("Facility") to be entered into by its indirect corporate parent, LCI International, Inc. ("LCII"). The application is filed pursuant to KRS 278.300 and 807 KAR 5:00, Sections 6, 8, and 11.

TRANSACTION

LCII proposes to enter into the facility which will mature on December 31, 1998 to refinance existing senior indebtedness, finance capital expenditures and acquisitions, provide working capital and for general corporate purposes. Litel will not incur any fees or expenses in connection with its execution of, and entry into the guaranty of the facility.

DISCUSSION

Litel is a wholly-owned subsidiary of LCI International Management Services, Inc. ("LCI") which is in turn owned by LCII. Litel was authorized by this Commission to provide intrastate interLATA telecommunications service in Kentucky on March 18, 1988, in Case No. 10090.¹ Neither LCI nor LCII are utilities subject to the jurisdiction of the Commission.

KRS 278.300 prohibits any utility from issuing any evidence of indebtedness or assuming any obligation or liability in connection with the issuance of a debt obligation without prior approval of this Commission. Insofar as LCII's direct and indirect subsidiaries, including Litel, will guarantee the facility, this Commission's approval is required.

Litel provides services to Kentucky customers in a highly competitive market with other telecommunications providers. Therefore, should Litel be forced to discontinue service as a result of poor financial planning on the part of its parent, Kentucky subscribers will find other telecommunications service providers available. The public interest will not be harmed should Litel cease operations.

Therefore, the Commission finds that Litel's execution of the guaranty of the facility as described in this application is for a

Case No. 10090, The Application of Litel Telecommunications Corporation for a Certificate of Public Convenience and Necessity to Provide Intrastate Long Distance Telephone Service to the Public in the Commonwealth of Kentucky and for Establishment of Rates.

lawful object within its corporate purpose, is necessary, appropriate and consistent with the proper performance of its service to the public, will not impair its ability to perform that service, is reasonably necessary and appropriate for such purpose, is consistent with the requirements of KRS 278.300, and should be approved.

The Commission being otherwise sufficiently advised,

IT IS ORDERED that:

1. The application of Lital to enter into the guaranty of the \$150 million Five Year Reducing Revolving Credit Facility to be entered into by its indirect corporate parent LCII is approved.


2. Approval of this application does not imply any guarantee of the securities or evidence of indebtedness by the state, or any obligation on the part of the state with respect thereto.

3. Lital shall notify the Commission within 10 days of the execution of the guaranty or in the alternative shall notify the Commission if the financial transaction does not occur.

Done at Frankfort, Kentucky, this 4th day of February, 1994.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director